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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

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HQ USAF FOR XOX
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Ha'aretz and Israel Radio reported that DM Ehud Barak will arrive in Washington for talk with senior U.S. administration officials in an attempt to ease the bilateral tension that has erupted over Washington's demand that Israel freeze construction in the settlements. Ha'aretz reports that Barack Obama's administration

has already rejected Israel's contention that the President's predecessor, George W. Bush, had agreed to expansion of the settlement blocs that Israel hopes keep under any agreement with the Palestinians. According to Ha'aretz, the administration also told both Congress and American Jewish organizations not to bother entertaining hopes that Barak will budge Obama and Secretary of State Hillary Clinton from their demand for a complete halt to settlement construction. However, The Jerusalem Post reported that Israel will not freeze settlement construction for natural growth. The Jerusalem Post reported that yesterday Netanyahu met with Likud Knesset members and reassured them that he did not intend to remove settlements.

Media reported that Barak will also have to deal with American demands that Israel open its border crossings with Gaza to facilitate the Strip's reconstruction following Operation Cast Lead in January. Ha'aretz and Yediot reported that, over the weekend, the London-based Sunday Times quoted senior administration officials as saying that Obama "has given himself two years for a diplomatic breakthrough on a two-state solution for Israel and the Palestinians," despite PM Benjamin Netanyahu's opposition "to America's minimum demand for a freeze on all settlement building in disputed territory." The White House declined to comment on the report. Yediot quoted a "close Netanyahu associate" as saying the Obama administration needed to understand that its demands on the Israeli premier would cause his government to fall. The associate reportedly wondered: "What does [Obama] want from [Netanyahu], who 'agrees to remove outposts, recognizes the Roadmap, and has announced he would honor past agreements?'" Ha'aretz reported that Saudi Arabia and other Arab states have also made it clear to Washington that they view a settlement freeze as a precondition for any move toward normalization with Israel.

Ha'aretz reported that GOI officials expressed their disappointment after Tuesday's round of meetings in London with U.S. special envoy George Mitchell. "We're disappointed," one senior official was quoted as saying: "All of the understandings reached during the [George W.] Bush administration are worth nothing." Another official was quoted as saying that the U.S. administration is refusing every Israeli attempt to reach new agreements on settlement construction. "The United States is taking a line of granting concessions to the Palestinians that is not fair toward Israel," he said. The Israeli officials attributed the unyielding U.S. stance to the speech Obama will make in Cairo this Thursday, in which he is expected to deliver a message of reconciliation to the Arab and Muslim worlds.

The Jerusalem Post reported that senior Israeli officials were "dismissive and defiant" on Saturday, following PA President Mahmoud Abbas's visit to Washington, highlighted by a report in which PA officials said that their leadership is waiting for U.S. pressure to bring down the Netanyahu government.

All media reported that on Thursday, after a manhunt that lasted more than 14 years, IDF troops killed Majid Dudin, a senior Hamas activist in the southern Hebron hills who was party to planning two major suicide bombings in Jerusalem and Tel Aviv in 1995.

The Jerusalem Post quoted Peace Now as saying yesterday that 44% (around 1730 acres) of the land on which outposts are built is private Palestinian land. The newspaper also quoted data released yesterday by the GOI's Central Bureau of Statistics: work on new apartment units in the West Bank dropped sharply in the first quarter of 2009, down 39% compared to the first quarter of 2008.

All media reported that PM Netanyahu announced yesterday that he has appointed former senior Mossad operative Haggai Hadas to head negotiations with Hamas over the release of Gilad Shalit. (Hadas quit Mossad over disagreements with its Director, Meir Dagan.) Over the weekend the media reported that Intelligence Affairs Minister Dan Meridor had turned down the position. Shalit's parents participated in the annual Salute to Israel parade along New York's Fifth Avenue.

Ha'aretz reported that Egypt has rejected an American proposal for gradual normalization between the Arab world and Israel that would have allowed Israeli planes to fly freely through Arab air space.

The idea arose during discussions in Washington last week between senior Egyptian and U.S. officials. The Jerusalem Post reported that Shin Bet head Yuval Diskin told the cabinet yesterday that Egypt is arresting officers who take bribes from arms smuggler, and that it is rotating its troops in the Sinai so that they do not get too close to the local population.

The Jerusalem Post reported that while senior IDF officers are willing to recognize the PA security forces' success following the anti-Hamas operation in Qalqilya yesterday morning, those officers expressed concern regarding the possibility that the IDF would be asked to withdraw its forces from various West Bank cities and transfer responsibility to the Palestinian forces.

All media reported that yesterday the Ministerial Committee on Legislation rejected a bill that would have conditioned Israeli citizenship on a declaration of loyalty to Israel as a Jewish state. The bill would have required applicants for citizenship to pledge loyalty to Israel as a Jewish, Zionist, and democratic state and to the state's symbols and values. It would also condition citizenship on either military service or alternative national service. However, only Yisrael Beiteinu ministers supported the bill. All other committee members voted against it. Israel Radio quoted Jordanian media as saying that Jordan is considering taking steps against Israel if it does not revoke a bill proposed by Knesset Member Arie Elad (National Union), which calls for "creating two states on the two banks of the Jordan River, one for the Israelis and one for the Palestinians."

Leading media reported on the trial underway in Azerbaijan of two Hizbullah members and four Azeri collaborators accused of plotting to attack the Israeli Embassy in Baku to avenge the assassination of top Hizbullah operative Imad Mughniyah.

Ha'aretz reported that the Foreign Ministry has instructed Israeli diplomats to organize demonstrations in front of Iranian consulates worldwide, stage mock stonings and hangings in public, launch a massive media campaign against Iran, and prepare other activities on the matter in the coming weeks. The goal, according to a senior Foreign Ministry official, is "to show the world that Iran is not a Western democracy" in the run-up to the country's presidential election on June 12.

Electronic media reported that early this morning rightists blocked a West Bank road and attacked Palestinians to protest a plan to evacuate outposts.

Israel Radio reported that FM Avigdor Lieberman is leaving today on an official trip to Russia and Belarus.

Citing Reuters, Ha'aretz reported that on Friday Ben-Ami Kadish, an 85-year-old U.S. Army civilian employee, was fined \$50,000 but avoided pleading guilty to giving classified documents to Israel in the 1980s.

All media reported that Ephraim Katzir, Israel's fourth president (1973-1978), passed away on Saturday at the age of 93.

1. Mideast:

Block Quotes:

1. "How We Beat Obama"

Senior op-ed writer Akiva Eldar commented in the independent, left-leaning Ha'aretz (6/1): "Let's agree that Obama in his naivete really has become preoccupied with inconsequential matters, such as a handful of pathetic outposts. Should Israel risk a crisis with the most important power in the world because of what it considers 'inconsequential matters'? Does Israel have a greater existential strategic asset than its relations with the U.S. and its neighbors' understanding that these intimate relations are unshakable?.... Does Israel really have an interest in winning the battle over the settlements? What will happen if we destroy the prestige of the strongest man in the world and portray him as an empty vessel,

incapable of halting the settlement program of a U.S. protege? Will an Israeli 'victory' strengthen the status of the U.S. in the international campaign against Iran?.... Israel itself, the Israel that does not understand the connection between the settlement of Yizhar and the reactor in Bushehr, claims that Hamastan is nothing more than a subsidiary of Iran. Iranian President Mahmoud Ahmadinejad will not shed a tear if Israel blows off Obama with his two-state solution. The sharper the conflict between the Jews and E the Americans on 'inconsequential matters,' the greater Iran's joy."

II. "Putting on the Pressure"

Diplomatic correspondent Aluf Benn wrote on page one of Ha'aretz (5/31): "United States President Barack Obama lays out long-term visionary goals, such as Middle East peace, but he moves with political pragmatism in advancing them. This is as true of his domestic and economic objectives as it is of his complex approach to Israel. His statements are carefully tailored to the measure of Congress's support for Israel. Congressional representatives are committed to preserving Israel's security and dealing with Iran, but do not support strengthening the settlements. So Obama stresses his support for Israel's security, but is willing to confront Prime Minister Benjamin Netanyahu over the settlements.... Netanyahu faces a difficult dilemma, whose outcome will also affect his coalition's fate. He does not have too many cards to play with, but realizes he must give the Americans something. In the coming weeks he will try to concoct a formula that will keep his coalition and party intact, and satisfy Obama as well."

III. "Paradigm Shift"

The conservative, independent Jerusalem Post editorialized (6/1): "U.S. policymakers have always opposed Israel's presence beyond the Green Line. Condoleezza Rice was here only last June complaining about settlements. Still, there's no denying the disturbing change in tone emanating from Washington, which is elevating the settlements issue to an importance which is disproportionate. It's being accompanied by a paradigm shift: pressing Israel while coddling the Palestinians. This approach is destined to leave both Israelis and Palestinians embittered and no closer to resolving the conflict. Final borders need to be negotiated. And when they are, all settlements on the 'wrong' side of the line will be dismantled -- just as they were when Israel unilaterally withdrew from Gaza. It would therefore be reasonable, in the interim, for Washington not to make an issue of modest levels of natural growth in these communities. At the same time, a freeze within the strategic settlement blocs, including Jerusalem, which Israel intends to retain in any agreement, is simply not on the agenda. That said, the Israeli government needs to better articulate the fact that no new settlements are being authorized beyond the security barrier. And it needs to move with all deliberate speed to dismantle illegal outposts permanently. When American decision-makers denigrate painful Israeli sacrifices -- including disengagement; when they disregard the commitments of their predecessors, they are not fostering peace. Rather, they're giving mainstream Israelis cause to fear making further sacrifices."

IV. "It's Not the Settlements, Stupid"

Senior columnist Nahum Barnea wrote in the mass-circulation, pluralist Yediot Aharonot (6/1): "President Obama has made it clear from the first week of his term that he is determined to turn over a new leaf with the Muslim and Arab world. Incidentally, his declarations also reflected a natural desire to do the opposite of his predecessor. Bush behaved the same way with regard to Clinton's foreign policy, as did other presidents. In substantive terms, the appeal to the Arab world is intended to help the administration cope with the difficult legacy left behind by the previous administration. The assumption is that the support of Arab and Islamic states for the U.S. will help it extricate itself from Iraq and successfully deal with its enemies in Afghanistan and Pakistan and with the Iranian nuclear program. Obama is not adopting this initiative to serve Israeli interests, but it can be of substantial benefit to Israel, mainly on the Iranian issue. The speech that President Obama is scheduled to give in Cairo on Thursday is supposed to clear the atmosphere and renew the confidence of the

Arab street in the U.S. Such a speech cannot skip over the Palestinian issue. The administration expected, in the most legitimate manner, to receive something from Netanyahu that it could take hold of. Not giving up territory. Not giving up rights. A foreign policy plan. A vision. Netanyahu came empty-handed and created a vacuum that was filled, with full force, by the issue of settlements."

IV. "The Price of Netanyahu's Smugness"

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv (5/31): "The closer President Barack Obama's speech in Cairo draws, the higher the panic level rises in the prime minister's inner circle. 'What do they want from me?' Netanyahu asks. 'Do they want the government to fall?' Well, they don't care if the government does fall. Netanyahu has only himself to blame: the amateurism and smugness that he used in his dealings with the new American administration, and the dismissive gesture with which he disregarded the winds that were blowing from Washington. All of that has now exploded in his face.... Netanyahu, who could have given Obama Israeli encouragement and become his partner, tried instead to create an alternative, and now he finds himself like a millstone around the neck of the new American policy and a completely different American administration that is eager to go to battle, which doesn't care what AIPAC thinks, and enjoys a rare freedom of action and broad public support. People warned him, told him, that was what was going to happen, but he knew better. And now he doesn't know what to do."

VI. "An Ill Wind from the White House"

Veteran journalist and television anchor Dan Margalit wrote in the independent Israel Hayom (31/5): "The leaders of the Jewish organizations did not need the meeting between Barack Obama and Abu Mazen to sense the ill wind blowing from the White House in the direction of Jerusalem.... The focus on the settlements makes things easier for Obama and for Abu Mazen, since in this matter they have many partners among supporters of Israel. 'Even Congress is not what it was,' explained one major Jewish activist. There is also disappointment in Hillary Clinton. The Jews had hoped that she would be the one to stop the United States' flood of Israel, but as of now their hopes have proven false. It is likely that the 'Archimedes Point' for changing Obama's position in favor of Israel may be found in international developments that are far from the Middle East."

VII. "They Will Give Iran, They Will Get a Freeze"

Correspondent Shmuel Rosner wrote in the popular, pluralist Maariv (6/1): "The most interesting question regarding the Obama administration is whether it has already decided that it should work with a different Israeli government. Some of Obama's advisers (Rahm Emanuel is rumored to be one of them) apparently espouse such a view. Defense Minister Ehud Barak's visit to Washington will indicate to Israel whether the position of those advisers was adopted. If so, Netanyahu faces harsh months of crisis until he can prove that his government is stable, or until he falls. If this is not the case, it means he has trump cards. When Netanyahu hints that there will be no [settlement] 'freeze' without 'something in exchange,' he does not mean that he will get something from the Palestinians.... What are the Americans promising to do on the Iranian issue?"

CUNNINGHAM